

Message Text

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PAGE 01 STATE 166669

51

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DRAFTED BY NEA/ARP:PJGRIFFIN:BDF

8/22/73 EXT 21481

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FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

INFO AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY LONDON

C O N F I D E N T I A L STATE 166669

E.O. 11652: GDS

TAGS: BFOL, TC

SUBJ: DUBAI DRYDOCK PROJECT

1. AT MEETING AUGUST 20, JOHN MCMULLEN ADVISED GRIFFIN THAT HE HAS DECIDED COMPROMISE HIS EARLIER POSITION OF OPPOSITION TO BRITISH CONSULTING FIRM'S PARTICIPATION IN DRYDOCK SCHEME AND HAS ENTERED INTO WORKING ARRANGEMENT WITH SIR WILLIAM HALCROW AND PARTNERS. AS OUTLINED BY MCMULLEN, ARRANGEMENT WILL PERMIT HALCROW TO DO ENGINEERING STUDIES WITH MCMULLEN RETAINING RESPONSIBILITY FOR CONCEPTUAL PLANNING AND OVERALL PROJECT SUPERVISION. AS PRICE FOR HIS WILLINGNESS TO ENTER INTO JOINT VENTURE, MCMULLEN WON AGREEMENT OF HALCROW TO REVISE COMPLETELY EXISTING ENGINEERING STUDIES, WHICH WERE TAILORED TO JOINT VENTURE OF BRITISH CONSTRUCTION FIRMS, TAYLOR WOODROW AND COSTAIN. MCMULLEN INSISTED ON REVISION OF ENGINEERING STUDIES SO PROJECT CAN BE PUT OUT TO INTERNATIONAL TENDER THUS PROVIDING FAVORABLE OPPORTUNITY FOR SELECTION US
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PAGE 02 STATE 166669

CONSTRUCTION FIRM.

2. MCMULLEN INFORMED GRIFFIN THAT HE REMAINS OPPOSED IN PRINCIPLE TO ASSOCIATION WITH HALCROW FIRM FOR WHOM HE HAS LITTLE PROFESSIONAL RESPECT, BUT GIVEN CURRENT STALEMATE OF PROJECT RESULTING FROM CONFLICT WITH TAJIR, AND SHAIKH RASHID'S EXPRESSED PREFERENCE FOR PARTICIPATION OF HALCROW IN DRYDOCK SCHEME, HE FELT OBLIGED TAKE LESS THAN FULL LOAF OF CONSULTING PACKAGE. MCMULLEN SAID HE INFORMED BY GALADARIS THAT RASHID VERY PLEASED WITH PROFESSIONAL MARRIAGE OF MCMULLEN AND HALCROW. FURTHER INCENTIVE FOR MCMULLEN TO COMPROMISE WAS INDICATION ON PART OF HALCROW THAT FIRM TOO HAD CONTINUING PROBLEMS IN DEALING WITH TAJIR, AND LATTER'S INFLUENCE MIGHT BE MORE EFFECTIVELY BLUNTED IF MCMULLEN AND HALCROW WERE WORKING IN TANDEM.

3. GREATEST CONCERN FOR MCMULLEN, HOWEVER, IS FACT THAT MANAGEMENT CONTRACT REMAINS UNSIGNED. AFTER CONSULTATION WITH GRIFFIN, MCMULLEN HAS DECIDED CABLE SHAIKH RASHID (THROUGH GALADARIS) UPON LATTER'S RETURN FROM PAKISTAN, URGING THAT CONTRACT BE SIGNED SOONEST. MESSAGE WILL STATE MCMULLEN HAS CONSIDERED SUGGESTION HE ASSIGN RESIDENT REPRESENTATIVE TO DUBAI, AND HE AGREES THIS WOULD BE LOGICAL NEXT STEP IN DEVELOPMENT OF PROJECT AND PROTECTING MUTUAL INTERESTS OF MCMULLEN FIRM AND SHAIKH RASHID. HOWEVER, RASHID WILL BE TOLD DIPLOMATICALLY THAT GIVEN EXPENSE AND PROBLEMS RELATED TO RECRUITMENTS MCMULLEN CANNOT PROCEED FURTHER WITH ASSIGNMENT OF REPRESENTATIVE UNTIL CONTRACTUAL ARRANGEMENTS FINALIZED.

4. IN RECENT WEEKS MCMULLEN HAS PURPOSELY AVOIDED CONTACT WITH TAJIR. FORMER RECOGNIZES, HOWEVER, THAT AS LONG AS TAJIR IS PLAYING ROLE IN PROJECT CALCULATED TO NET HIM HANDSOME PAYOFF, HE CANNOT BE IGNORED. MCMULLEN'S PRESENT STRATEGY IS TO CONTINUE AVOIDING CONTACT WITH TAJIR UNTIL RASHID SIGNS CONTRACT. ONCE HE HAS DEFINITIVE PIECE OF PAPER IN HAND, MCMULLEN INTENDS TO INVITE TAJIR TO COME TO US FOR SESSION HOPEFULLY THAT WILL LEAD TO RESOLUTION OF THEIR OUTSTANDING DIFFERENCES OVER PROJECT. HOWEVER, EVEN IF PARTICIPANTS CAN OVERCOME ALL EXISTING PROBLEMS WITHIN NEXT SEVERAL WEEKS, MCMULLEN
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PAGE 03 STATE 166669

DOUBTS SIGNIFICANT PROGRESS CAN BE MADE TOWARD ADVANCING PROJECT OFF DEAD CENTER FOR AT LEAST SIX MONTHS. ROGERS

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